

storing the advertisements in a storage medium.

18. The method of claim 17, further comprising selecting targeted advertisements to be transmitted to the subscribers, wherein said transmitting includes transmitting the targeted advertisements.

19. The method of claim 18, wherein the targeted advertisements are selected for the subscribers based on subscriber characteristics.

20. The method of claim 19, wherein the subscriber characteristics include at least some subset of demographics attributes, geographic attributes, psychological attributes, and viewing attributes.

21. The method of claim 17, further comprising forming subgroups of subscribers that share one or more common subscriber characteristics, wherein said transmitting includes transmitting the advertisements to the subgroups.

22. The method of claim 21, further comprising selecting targeted advertisements for the subgroups wherein said transmitting includes transmitting the targeted advertisements to the subgroups.

23. The method of claim 17, wherein said transmitting includes transmitting the advertisement channel at a constant bit rate.

24. The method of claim 17, wherein said transmitting includes transmitting the advertisement channel at a variable bit rate that changes over time according to amount of bandwidth available for the advertisement channel.

25. The method of claim 24, wherein the amount of bandwidth available for the advertisement channel is determined by subtracting amount of bandwidth used by the television network from total bandwidth of the television network.

26. The method of claim 25, wherein the amount of bandwidth used by the television network includes bandwidth for transmitting programming channels.

27. A system for delivering advertisements to subscribers in advance of presentation of the advertisements to the subscribers, the system comprising:

a transmitter for transmitting the advertisements to the subscribers over an advertisement channel, wherein the advertisements are transmitted at a bandwidth that is less than the bandwidth required to present the advertisements in real time, and are accordingly transmitted in advance of presentation of the advertisements to the subscribers;

a storage medium for storing the advertisements; and

a display device interface for allowing the advertisements to be presented to the subscriber.

28. The system of claim 27, further comprising an advertisement selector for selecting targeted advertisements to be transmitted to the subscribers.

29. The system of claim 27, further comprising a subgroup creator for forming a subgroup of subscribers for transmitting the advertisement channel to, wherein the subscribers within the subgroup have at least one subscriber characteristic in common.

30. The system of claim 27, wherein said transmitter transmits the advertisement channel at a constant bit rate.

31. The system of claim 27, wherein said transmitter is capable of monitoring available bandwidth and statistically varies rate of transmission of the advertisements based on the available bandwidth.

32. In a television network environment consisting of a display device and a storage medium, a method for delivering advertisements to subscribers in advance of presentation of the advertisements to the subscribers, the method comprising:

forming a subgroup of subscribers that share one or more common subscriber characteristics;

selecting targeted advertisements to be transmitted to the subgroup;

transmitting the targeted advertisements to the subgroup over an advertisement channel, wherein the targeted advertisements are transmitted in advance of presentation of the targeted advertisements to the subscribers; and

storing the targeted advertisements in a storage medium.

33. The method of claim 32, wherein said transmitting includes transmitting the targeted advertisements at a bandwidth that is less than the bandwidth required to present the targeted advertisements in real time.

34. The method of claim 32, wherein said transmitting includes transmitting the targeted advertisements at a variable bit rate, wherein the bit rate changes over time according to amount of bandwidth available for the advertisement channel.

35. The method of claim 32, wherein said transmitting includes transmitting the advertisements off-peak.

36. The method of claim 32, wherein said selecting includes selecting the targeted advertisements based on subscriber characteristics that include at least some subset of demographics attributes, geographic attributes, psychological attributes, and viewing attributes.--

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**Remarks**

The Examiner rejected claims 1, 6 and 10-16 under 35 U.S.C. §102(b) as being anticipated by *Hendricks et al.* (U.S.P. 5,600,364) and claims 2-5 and 7-9 under 35 U.S.C. §103(a) as being unpatentable over *Hendricks et al.* ('364) in view of *Hendricks et al.* (U.S. Publ. 2002/0104083A1). Claims 1-16 have been canceled without prejudice or disclaimer to the subject matter contained therein. New claims 17-36 have been added. It is submitted that claims 17-36 are patentable over the cited references for at least the following reasons.